



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities.

Investigation 07-01-022
(Filed January 11, 2007)

In the Matter of the Application of Golden State Water Company (U 133 E) for Authority to Implement Changes in Ratesetting Mechanisms and Reallocation of Rates.

Application 06-09-006
(Filed September 6, 2006)

Application of California Water Service Company (U 60 W), a California Corporation, requesting an order from the California Public Utilities Commission Authorizing Applicant to Establish a Water Revenue Balancing Account, a Conservation Memorandum Account, and Implement Increasing Block Rates.

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Application of Suburban Water Systems (U 339 W) for Authorization to Implement a Low Income Assistance Program, an Increasing Block Rate Design, and a Water Revenue Adjustment Mechanism.

Application 06-11-010
(Filed November 22, 2006)

Application of San Jose Water Company (U 168 W) for an Order Approving its Proposal to Implement the Objectives of the Water Action Plan.

Application 07-03-019
(Filed March 19, 2007)

**MOTION FOR ADOPTION OF THE SETTLEMENT AGREEMENT BETWEEN
SUBURBAN WATER SYSTEMS AND DISABILITY RIGHTS ADVOCATES,
NATIONAL CONSUMER LAW CENTER, LATINO ISSUES FORUM, AND THE
UTILITY REFORM NETWORK**

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Date: August 10, 2007

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Suburban Water Systems ("Suburban"), Disability Rights Advocates ("DisabRA"), Latino Issues Forum ("LIF"), the National Consumer Law Center ("NCLC"), and The Utility Reform Network ("TURN"), (collectively, "the Parties")¹ have agreed on a resolution

¹ In accordance with Rule 1.8(d), the undersigned counsel for Suburban Water Systems certifies that DisabRA, LIF, NCLC and TURN have authorized her to sign and tender this document (together with the executed Settlement Agreement) and to make the representations stated in Rule 1.8(b) on their behalf.

of the issues set forth in the *Settlement Agreement Between Suburban Water Systems and Consumer Federation of America, Disability Rights Advocates, National Consumer Law Center, Latino Issues Forum, and The Utility Reform Network* (“Settlement Agreement,” attached as Appendix A). The Parties hereby submit the Settlement Agreement for adoption pursuant to Rule 12.1 of the Commission’s Rules of Practice and Procedure (“Rules”).

The proposed Settlement Agreement fulfills the criteria that the Commission requires for approval of such settlements. As explained below, the Settlement is reasonable in light of the whole record, consistent with the law, and in the public interest. For these reasons, the Commission should grant this Motion and adopt the proposed Settlement Agreement.

I. BACKGROUND AND PROCEDURAL HISTORY

As directed by the Commission in Ordering Paragraph 2 of Decision (D.) 06-08-017, on November 22, 2006, Suburban filed its *Application For Authorization To Implement A Low Income Assistance Program, An Increasing Block Rate Design, And A Water Revenue Adjustment Mechanism* (Application or A.06-11-010). In its Application, Suburban requested: (1) a low income assistance program; (2) an inclining block rate design; (3) a Water Revenue Adjustment Mechanism (“WRAM”) to track revenue changes associated with Suburban’s conservation rate proposal, and; (4) a memorandum account to track the legal and consulting services needed to implement the water conservation rate design and low income program.

In the Commission order opening this proceeding, the *Order Instituting Investigation to Consider Policies to Achieve the Commission’s Conservation Objectives for Class A Water Utilities* adopted on January 11, 2007 (the OII), the Commission consolidated A.06-11-010 and several other applications for conservation rates into the above-captioned proceeding. On January 29, 2007, parties filed responses to the preliminary scoping memo contained in the OII, and a prehearing conference (PHC) was held on February 7, 2007. On March 8, 2007, the Commission adopted a final scope and two-phased schedule for this proceeding in an Assigned Commissioner’s Ruling and Scoping Memo (“Scoping Memo”). The Scoping Memo defined Phase 1 to include rate-related conservation measures, the WRAM and

Suburban's proposed low income assistance program.²

Suburban and the Division of Ratepayer Advocates ("DRA") reached agreement on almost all Phase I issues related to conservation rate design, the WRAM and the low-income ratepayer assistance ("LIRA") program. Suburban and DRA submitted a motion for approval of two settlement agreements, one on conservation rate design and the WRAM, the other on the LIRA program, on April 24, 2007. Due to time constraints, Suburban and DRA agreed that customer education, outreach, and data collection would be later memorialized. Consumer Federation of California ("CFC"), DisabRA, LIF, NCLC and TURN all filed comments on the Suburban/DRA settlement agreements.

Pursuant to Rule 12.1(b), an all-party settlement meeting was held on June 13, 2007 to address conservation rate and LIRA customer education, outreach, and data collection for Suburban, as well as California Water Service (A.06-10-026), Park Water Company (A.06-11-009) and Golden State Water Company (A. 06-09-006).

II. SETTLEMENT AGREEMENT

The Parties represent to the Commission as follows: (1) the Settlement Agreement commands the sponsorship of the Parties; (2) the Parties are fairly representative of affected interests; (3) no term of the Settlement Agreement contravenes any statutory provision or any decision of the Commission; and (4) the Settlement Agreement, together with the record in this proceeding, conveys to the Commission sufficient information to permit the Commission to discharge its regulatory obligations on the issues addressed by the Settlement Agreement.

This Settlement Agreement is reasonable in light of the entire record. (Rule 12.1(d).) As noted above, due to time constraints, Suburban and DRA addressed customer education, outreach, and a data collection briefly in the Suburban/DRA settlement agreements. These issues were also addressed in the comments and reply comments of the Parties on the

² Scoping Memo, p. 3.

Suburban/DRA settlement agreements. Finally, Suburban also addressed these issues in the further testimony and rebuttal testimony of Robert Kelly.

This Settlement Agreement is consistent with applicable law and in the public interest. (Rule 12.1(d).) The Parties believe the measures set forth in the Settlement Agreement are necessary and justified, and will serve the public interest. Moreover, the Settlement Agreement further benefits customers because the Parties will be able to save valuable time and resources that would have been expended (and passed on to customers) to litigate each of the settled issues.

This Settlement Agreement also addresses one of the specific directives set forth in the Scoping Memo:

The parties shall propose customer education initiatives necessary to implement the settlements, including outreach efforts to limited English proficiency customers, monitoring programs to gauge the effectiveness of the adopted conservation rte design, and recommendations on how these results will be reported to the Commission.³

The Parties have entered into the Settlement Agreement on the basis that the Commission's adoption not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the Commission's adoption of the Settlement Agreements not be construed as any statement of precedent or policy of any kind for any against them in any current or future proceedings. Finally, the Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of the Settlement Agreement, each Party has the right to withdraw.

³ Scoping Memo, p. 4.

Dated: August 10, 2007

Respectfully submitted,

By: 

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PROOF OF SERVICE

I, Cinthia A. Velez, declare as follows:

I am employed in the City and County of San Francisco, California. I am over the age of eighteen years and not a party to this action. My business address is STEEFEL, LEVITT & WEISS, One Embarcadero Center, 30th Floor, San Francisco, California 94111-3719. On August 10, 2007, I served the within:

Motion for Adoption of The Settlement Agreement Between Suburban Water Systems and Disability Rights Advocates, National Consumer Law Center, Latino Issues Forum, and The Utility Reform Network

on the interested parties in this action addressed as follows:

See attached service list



(BY HAND SERVICE) By causing such envelope to be delivered by hand, as addressed by delivering same to SPECIALIZED LEGAL SERVICES with instructions that it be personally served.



(BY PUC E-MAIL SERVICE) By transmitting such document(s) electronically from Steefel, Levitt & Weiss, San Francisco, California, to the electronic mail addresses listed above. I am readily familiar with the practices of Steefel, Levitt & Weiss for transmitting documents by electronic mail, said practice being that in the ordinary course of business, such electronic mail is transmitted immediately after such document has been tendered for filing. Said practice also complies with Rule 1.1 of the Public Utilities Commission of the State of California and all protocols described therein.



(BY MAIL) By placing such document(s) in a sealed envelope, with postage thereon fully prepaid for first class mail, for collection and mailing at Steefel, Levitt & Weiss, San Francisco, California following ordinary business practice. I am readily familiar with the practice at Steefel, Levitt & Weiss for collection and processing of correspondence for mailing with the United States Postal Service, said practice being that in the ordinary course of business, correspondence is deposited in the United States Postal Service the same day as it is placed for collection.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on August 10, 2007, at San Francisco, California.


Cinthia A. Velez

SERVICE LIST

I.07-01-022; A.06-09-006; A.06-10-026; A.06-11-009; A.06-11-010; A.07-03-019
(Last changed: July 31, 2007)

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Appendix A

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**SETTLEMENT BETWEEN SUBURBAN WATER SYSTEMS AND DISABILITY
RIGHTS ADVOCATES, NATIONAL CONSUMER LAW CENTER, LATINO
ISSUES FORUM, AND THE UTILITY REFORM NETWORK ON CUSTOMER
EDUCATION, OUTREACH, DATA COLLECTION AND REPORTING**

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SETTLEMENT BETWEEN SUBURBAN WATER SYSTEMS AND DISABILITY RIGHTS ADVOCATES, NATIONAL CONSUMER LAW CENTER, LATINO ISSUES FORUM, AND THE UTILITY REFORM NETWORK ON CUSTOMER EDUCATION, OUTREACH, DATA COLLECTION AND REPORTING

1. GENERAL

1.1 Pursuant to Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), Suburban Water Systems ("Suburban"), Disability Rights Advocates ("DisabRA"), Latino Issues Forum ("LIF"), the National Consumer Law Center ("NCLC"), and The Utility Reform Network

(“TURN”), collectively, “the Parties”) have agreed on the terms of this Settlement Agreement which they now submit for approval. This Settlement Agreement addresses customer education, outreach, data collection and reporting for Suburban’s conservation rates and low-income ratepayer assistance (“LIRA”) program.

1.2 Since this Settlement Agreement represents a compromise by them, the Parties have entered into each stipulation contained in the Settlement Agreement on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement Agreement by the Commission not be construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding. (Rule 12.5, Commission’s Rules on Practice and Procedure.)

1.3 The Parties agree that no signatory to the Settlement Agreement assumes any personal liability as a result of their agreement. All rights and remedies of the Parties are limited to those available before the Commission.

1.4. The Parties agree that this Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of this Settlement Agreement, each Party has the right to withdraw. Furthermore, the Settlement Agreement is being presented as an integrated package such that parties are agreeing to the Settlement as a whole, as opposed to agreeing to specific elements of the Settlement.

1.5 This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

2. APPLICATION

The terms and conditions of this Settlement Agreement will apply to the conservation rates and LIRA program approved by the Commission.

3. CUSTOMER OUTREACH AND EDUCATION

3.1 Conservation Rate Customer Notices

3.1.1 Suburban agrees to provide customers with conservation rate customer notices which include written information on conservation rates explaining why their rates are being changed, what the impact will be on their monthly bill, what the change will be on the average monthly bill, and the effective date.

3.1.2 Suburban's conservation rate customer notice will include a comparison of the current rate structure and the new conservation rate structure.

3.1.3 Suburban agrees to provide a short summary in Spanish of the conservation rate customer notice on the bill, with a number to call to request a copy of the conservation rate customer notice in Spanish. (See Section 3.3.6.)

3.1.4 Suburban will provide key information in the conservation rate customer notice in large type.

3.1.5 Suburban's conservation rate customer notices will include contact information for Suburban, including Suburban's website and TTY number.

3.1.6 Suburban will submit its conservation rate customer notices to the Commission's Public Advisor's Office for review.

3.2 LIRA Customer Notice

3.2.1 Suburban agrees to provide customers with LIRA customer notices which include written information on how to qualify for the LIRA program, including information on eligibility requirements, the application and renewal process and the discount amount.

3.2.2 Suburban agrees to provide a short summary in Spanish of the LIRA customer notice and a number to call to request a copy of the LIRA customer notice in Spanish

3.2.3 Suburban will provide key information in the LIRA customer notice in large type.

3.2.4 Suburban's LIRA customer notices will include contact information for Suburban, including Suburban's website and TTY number.

3.2.5 Suburban will submit its LIRA customer notices to the Commission's Public Advisor's Office for review.

3.3 Conservation and LIRA Outreach Methods

3.3.1 Suburban will provide the conservation rate customer notices and the LIRA customer notices in the form of separate bill inserts. Suburban will include language on its customer bills, in both English and Spanish referring to the conservation rate and LIRA bill inserts.

3.3.2 Suburban will post the customer notices, translated and/or accessible versions of the bill inserts, and any other materials regarding the conservation rates and LIRA program on its website in a clear and conspicuous manner.

3.3.3 Suburban will include TTY information on its bill inserts. Customers can request additional information on conservation rates and/or the LIRA program using the TTY service.

3.3.4 Suburban will take out newspaper ads to provide information regarding its conservation rates and LIRA program.

3.3.5 Suburban will distribute targeted flyers throughout the Spanish-speaking communities within its service territory with information on the conservation rates and LIRA program in Spanish instead of ads in a Spanish-language newspaper.

3.3.6 Suburban will set up a voice mailbox or answering machine that will provide customers with a short message (or short messages) in Spanish on conservation rates and low income assistance and will allow customers to leave a message to request materials in Spanish.

3.3.7 Suburban commits to having an interactive voice response (IVR) system with Spanish language capability and options in place within one year of a Commission decision approving this Settlement Agreement.

3.3.8 Suburban will provide materials and information sessions on conservation rates and the LIRA program to community based organizations (CBOs) (including government organizations and organizations for persons with disabilities). Suburban will provide materials in Spanish and large print if CBOs serve those communities.

3.3.9 The Intervenor (DisabRA, LIF, NCLC and TURN) will provide a list of CBOs serving Suburban customers and Suburban is urged to work with these CBOs as well any additional CBOs identified by Suburban.

3.3.10 Suburban will post the list of CBOs as provided by the Intervenor and any additional CBOs that have received materials from the company in a clear and conspicuous manner on the company's website as a resource to customers.

3.3.11 Suburban's customer service representatives will have access to the CBO list and will provide contact information upon request of the customer.

3.4 Additional Outreach for LIRA

3.4.1 Suburban will provide information on the LIRA program to customers when they sign up for service or when they change addresses and apply for service at the new address.

3.4.2 Suburban will provide customers with information about the LIRA program with 10-day shutoff notices.

3.4.3 Suburban will provide information to customers about the LIRA programs when customers call with problems with paying their bills.

3.5 Outreach Timing

3.5.1 Conservation Rates: 30-60 days before they go into effect, with continued access to material on website for at least six months.

3.5.2 LIRA: 30-60 days after a Commission decision approving the LIRA program, with a subsequent message sent to customers through a bill insert six months later and then annually thereafter.

4. **DATA COLLECTION AND REPORTING**

4.1 Conservation Rates and Water Revenue Adjustment Mechanism (“WRAM”)

4.1.1 Suburban will provide an annual report on the conservation rates and WRAM as a supplement to its Annual Report filed with the Commission. Suburban will provide copies to the Chief of the Commission Water Division, the Branch Manager, DRA Water, and other parties on request.

4.1.2 Suburban’s conservation rates report will include the following information:

- (a) Monthly customer usage in billing units by Blocks 1 and 2 separated by meter size, by zone, by service area and by customer class and the number of customers in each sub-grouping;
- (b) Monthly customer usage in billing units by Blocks 1 and 2 separated by meter size, by zone, by service area, for LIRA customers and the number of customers in each sub-grouping;
- (c) Monthly customer usage for current month of the current year vs. prior year, using average customer profiles;
- (d) The number of customers in each customer class, with residential and commercial customers broken out;

- (e) Monthly number of reconnections, with LIRA customers broken out;
- (f) Total number of disconnections per month;
- (g) Total number of 48 hour shutoff notices per month;
- (h) Total revenue collected under new rate design vs. calculated revenue under the adopted uniform standard rate design, by month.

4.2 LIRA

4.2.1 Suburban will provide an annual report on the LIRA program as a supplement to its Annual Report filed with the Commission. The first report to be filed will be a supplement to the 2008 report which is to be filed in 2009. Suburban will provide copies to the Chief of the Commission Water Division, the Branch Manager, DRA Water, and other parties on request.

4.2.2 Suburban's LIRA Report will include the following information:

- (a) Number of customers participating by month;
- (b) Annual penetration rate (compared to estimate of low income population in the service area);
- (c) Change in participation rate after notices, to measure effectiveness of notice methods;
- (d) Costs and expenses of the LIRA program if not already tracked by the balancing account;
- (e) Monthly customer usage in billing units by Blocks 1 and 2 separated by meter size, by zone, by service area, for LIRA customers;
- (f) Monthly number of reconnections, with LIRA customers broken out;
- (g) Total number of residential disconnections per month;
- (h) Total number of residential 48-hour shutoff notices per month.

4.3 Cornerstone

4.3.1 Suburban is in the process of developing its Cornerstone Project, which is an overhaul of its billing, data and communications systems.

4.3.2 Because the size and scope of the Cornerstone Project are still being determined, Suburban will commit to making best efforts to implement, but cannot guarantee implementation of tracking disconnection data by voluntary and involuntary disconnects and LIRA and non-LIRA customers.

4.4 Weather Normalized Customer Usage

The Parties were unable to reach agreement on the subject of whether the Commission should require Suburban to provide weather normalized customer usage for current month of the current year vs. prior year, using average customer profiles at different usage levels. The Intervenors will raise this issue in Phase II of this proceeding.

Respectfully submitted,

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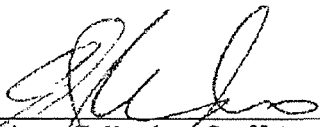
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